

P-999/C-93-90 ORDER APPROVING SETTLEMENT PROPOSALS WITH  
MODIFICATIONS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
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Commissioner

In the Matter of the Commission Solicitation of  
Comments Regarding Access Charges

ISSUE DATE: April 8, 1994

DOCKET NO. P-999/C-93-90

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PROPOSALS WITH MODIFICATIONS

**PROCEDURAL HISTORY**

On February 16, 1993, the Commission issued its ORDER APPROVING SETTLEMENT, REQUIRING NOTICE TO CUSTOMERS AND FILING OF TARIFFS, AND SOLICITING COMMENTS in the above-captioned matter. In that Order the Commission solicited comments regarding the process and principles for addressing access charge issues.

On June 1 and 2, 1993, the Commission received comments from the following parties: Automated Communications, Inc.; United Telephone-Midwest; Sprint; Vista Telephone (Vista); AT&T; MCI; Minnesota Independent Coalition (MIC); Department of Public Service (Department); Residential Utilities Division of the Office of the Attorney General; GTE; and US WEST Communications, Inc. (US WEST).

On March 15, 1994, the Commission met to consider the parties' comments. At that meeting, the representative of MIC and Vista proposed a plan for a settlement process. The MIC/Vista representative indicated that other parties had agreed to this procedure. Because the proposal was very recently developed, it had only been discussed with other parties verbally and was not in written form to present to the Commission.

On March 18, 1994, the Commission issued its ORDER REQUIRING FILING in this docket. In that Order the Commission ordered MIC/Vista to submit a filing outlining the proposed settlement process.

On March 22, 1994, MIC/Vista filed a written proposal. On the same date, GTE and the Department filed comments in support of the proposal.

US WEST also filed comments on March 22, 1994. US WEST proposed a separate procedure for the determination of its access charges.

The matter came before the Commission on March 29, 1994.

**FINDINGS AND CONCLUSIONS**

**I. The MIC/Vista Settlement Proposal**

## **A. The Proposed Procedure**

MIC represents many, but not all, of the Minnesota local exchange companies other than US WEST (independent local exchange companies, or ILECs).

Under MIC/Vista's proposal, the parties would begin negotiating the terms, conditions and compensation for interconnections within 30 days. The negotiations would focus on the following eight issues which the Commission had previously indicated should be addressed:

1. What principles should govern access pricing?
2. Should access charges be priced on a separations (revenue requirement) basis, or on an incremental cost basis, or on another basis?
3. Should the Commission continue the Carrier Common Line Charge (CCLC)? If so, at what level? What long term public policy goal is achieved by the Commission's removal or continuance of a CCLC?
4. Should local transport be restructured to mirror the structure of the interstate local transport or is another structure appropriate for the intrastate jurisdiction?
5. In a general sense, what is the appropriate relationship between access charges and the rates for other major categories of service? What level of contribution, if any, is appropriate in the various access charges?
6. Should there be a high cost fund incorporated into access charges? If so, how, in a general sense, should it be governed? Should the Commission examine expanding the TAP?
7. Should any restructuring of access charges be revenue neutral or income neutral? How, in a general sense, should the revenue or income neutrality be achieved, if warranted?
8. How should any proposals be implemented to minimize swings in customer bills?

The parties would meet regularly to negotiate and would meet with Commission Staff to present interim progress reports. After 60 days, any party could petition for contested case proceedings to supersede the settlement process.

MIC/Vista requested that the Commission grant proprietary status to all written and oral communications between the parties in the settlement process, should further proceedings be necessary.

The parties would present a report on the progress of the negotiations within 90 days, at which time the Commission would determine further procedure to follow. If the Commission ordered contested case proceedings, MIC/Vista requested that the parties be allowed 90 days in which to file written testimony.

MIC/Vista requested a contested case proceeding if the Commission rejected the settlement proposal.

## **B. Commission Analysis**

The Commission finds the MIC/Vista settlement proposal acceptable, with some modifications. The Commission is willing to allow the parties to pursue a settlement process which could resolve many or all of the access charge issues without the expenditure of time and money

associated with contested case proceedings. The parties themselves have developed or endorsed the settlement process; this fact should encourage active efforts at settlement.

The Commission will deny MIC/Vista's request to grant proprietary status to negotiation discussions. The MIC/Vista representative agreed at the March 29, 1994 meeting that a grant of proprietary status is not necessary at this time.

The Commission will not at this time set a length of time for the filing of testimony in contested case proceedings. The Commission would prefer to examine interim reports before determining how much time would be necessary for the preparation of testimony.

The Commission will allow any party to the settlement process to petition for contested case proceedings at any time. If a party feels that a full hearing is necessary, that party should not be required to wait 60 days to petition the Commission.

With these modifications, the MIC/Vista settlement proposal is acceptable. The Commission will approve the proposal as modified.

## **II. The US WEST Proposal**

### **A. The Proposed Procedure**

US WEST acts as both a local exchange carrier (LEC) and an interexchange carrier (IXC) within the state of Minnesota. US WEST stated, and the parties agreed, that it would pursue a separate procedure regarding access charges in its LEC function and participate in the MIC/Vista settlement process in its IXC function.

Under US WEST's separate settlement proposal, the Company would submit an informational filing to the Commission within 60 days of the Order. Parties would refer to the terms of the informational filing as they negotiated the terms, conditions and compensation for interconnection. Within 90 days after the date of the informational filing, US WEST would submit a report either proposing a settlement, requesting an extension if progress is being made, or if necessary requesting contested case proceedings.

## **B. Commission Analysis**

The Commission finds US WEST's proposal acceptable, with certain modifications and clarifications. The Commission agrees with US WEST that its unique circumstances call for a separate proceeding to determine access charges as a LEC, along with participation in the MIC/Vista settlement process as an IXC.

The Commission will require the US WEST informational filing to include the following issues:

1. The eight issues listed at Section I (A) above;
2. Pricing proposals which are fully supported by thorough, well-documented studies;
3. A complete analysis of revenue and income impact with complete proposals for dealing with any income or revenue shifts as a result of the Company proposal; and
4. An analysis of how the proposal is in the best interests of Minnesota ratepayers, including a discussion of possible reductions in rates for long distance services provided by interexchange carriers.

The Commission is unwilling to wait the entire projected 150 day period in US WEST's proposal to determine if significant progress is being made. The Commission will therefore require US WEST to submit an interim report on the progress of negotiations within 45 days of the filing of the informational report.

The Commission will require US WEST to file on or before August 31, 1994, a stipulation or partial stipulation covering the four above issues. If the parties are unable to reach a stipulated agreement by that time, US WEST shall report that fact to the Commission. At that time, the Commission will decide what further action to take.

## **III. Application of Lobbying Provisions**

The lobbying provisions of the Ethics in Government Act, Minn. Stat. §§ 10A.01 et seq., apply to rate setting proceedings. Persons appearing in this proceeding may be subject to registration, reporting, and other requirements set forth in that Act. All persons appearing in this case are urged to refer to the Act and to contact the Minnesota Ethical Practices Board, (612) 296-1720, with any questions.

## **ORDER**

1. The Commission initiates an investigation of access charges.
2. The Commission approves the following settlement proposal for MIC/Vista and participating parties:

- a. Parties shall file a settlement proposal by July 1, 1994, which shall include:
  - i. The full development of the eight issues listed at Section I (A) above;
  - ii. An analysis of how the proposal is in the best interests of Minnesota ratepayers, including a discussion of possible reductions in rates for long distance services provided by interexchange carriers.

In the July 1, 1994 filing, parties shall present to the Commission all settled issues and a report on issues not settled. At that time the Commission will determine whether to grant additional time or to require the commencement of hearings. The Commission will also determine at that time, if necessary, how much time to grant for preparation of testimony.

Parties shall meet with Commission Staff on two interim occasions to report the progress of the settlement negotiations: 9:00 A.M., May 25, 1994, and 9:00 A.M., June 29, 1994. Both meetings will be in the Commission's Conference Room B.

- b. Any party may petition for contested case proceedings at any time in the process.
  - c. The Commission will not grant proprietary or privileged status to negotiation discussions at this time.
3. The Commission approves the following settlement proposal for US WEST:
    - a. Within 60 days of the date of this Order, US WEST shall file an informational filing which will include:
      - i. The full development of the eight issues listed at Section I (A) above;
      - ii. Pricing proposals which are fully supported by thorough, well-documented studies;
      - iii. A complete analysis of revenue and income impact with complete proposals for dealing with any income or revenue shifts as a result of the Company proposal: and
      - iv. An analysis of how the proposal is in the best interests of Minnesota ratepayers, including a discussion of possible reductions in rates for long distance carriers provided by interexchange carriers.
    - b. US WEST shall file an interim progress report within 45 days of the filing of the informational report.
    - c. On or before August 31, 1994, the Company shall file a stipulation or partial stipulation covering the four points in Order Paragraph 3 (a). If the parties cannot reach a stipulation, the Company shall report this fact to the Commission and the Commission will then decide what further action to take.
  4. Any party who wishes to receive notice regarding either of the above proceedings shall contact Commission Staff.
  5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)